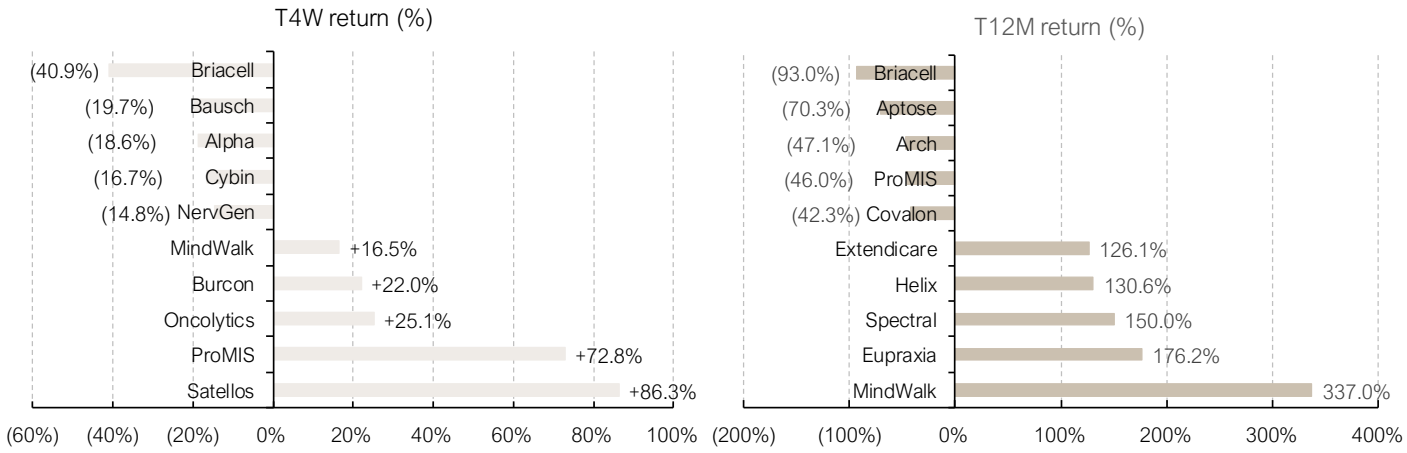
Core Highlights of the Week

Top Movers

Exhibit 1. Top Healthcare/Biotechnology Movers for the Trailing Four-Week & YTD Periods



Source: Leede Financial, Refinitiv

Updates From Our Healthcare Universe

- **We initiated coverage of Satellos this week.** Earlier this week, we initiated coverage on ON-based rare diseases-focused small-molecule developer Satellos Biosciences (MSCL-T) with a Speculative Buy rating & a one-year PT of C$2.25. We launched the report while mindful that our PT & forecasts will be obsolete as soon as today, with the firm announcing a twelve-for-one share consolidation as an arithmetic exercise required to lift the firm's share price above threshold levels required to list on the NASDAQ Exchange.
  - We chose to launch into this mild headwind because the arithmetic alteration in capital structure of course had no bearing on our core scientific diligence on the attractiveness of Satellos' lead orally-active small-molecule AAK1 inhibitor drug SAT-3247, on the foundational way in which we expect the drug to perform clinically in guiding asymmetric cell division & cell polarity in muscle progenitor cells & thus in muscle regeneration in Duchenne muscular dystrophy patients.
  - **Summary & valuation.** Our valuation is based on NPV (discount rate of 30%) & multiples of our F2031 EBITDA/EPS forecasts (US$81.0M & US$0.26/shr, respectively). Our EV calculation is based on FQ324 balance sheet data (cash of US$19.3M, no LT debt) and notional fully-diluted S/O of 231.4M, a value that assumes that Satellos could raise supplemental equity capital to fund SAT-3247 clinical/regulatory activities at one or more times during our forecast period (current fd S/O is 211.4M). We are mindful that the capital structure on which we base our PT will be twelve-fold lower (& our share-based forecasts & PT will be twelve-fold higher) when Satellos' share consolidation concludes.
  - Our model assumes that Phase III SAT-3247 Duchenne muscular dystrophy testing can commence by F2027 and generate efficacy data on regeneration of functional muscle by F2029; assuming those timelines are achieved, our model assumes that SAT-3247 could be FDA-approved and launched by future partners in F2030. Relevant candidates

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for future partners (or acquirers) include several of the existing Duchenne muscular dystrophy therapy developers currently focused on exon-skipping or gene therapy approaches to dystrophin regeneration. Our model assumes that SAT-3247 can play a more direct role in regeneration of functional muscle through influencing how muscle progenitor cells undergo dystrophin-mediated division.

- As published in our original report (which we can resend to interested investors, let us know), our model assumes that Satellos can generate SAT-3247 royalty revenue/EBITDA of US$31.5M/US$9.1M during its first year of US market launch in F2030, with consolidated data increasing to US$102.9M/US$81.0M in F2031 (the first full year of US SAT-3247 commercial activity, with supplemental contribution from EU/UK sales that we expect to commence during FH231) & to US$165.0M/US$146.4M in F2032. At any point during this commercial phase of SAT-3247 development, it seems plausible that the firm could attract interest from well-capitalized global pharma firms with an existing franchise either in Duchenne muscular dystrophy therapy development or in rare orphan disease or both, though our valuation makes no overt adjustments for this assumption. At current levels, our PT corresponds to a one-year return of 68%, imminently achievable in our view based on schedule of forthcoming Phase I/II SAT-3247 clinical milestones.

Exhibit 1. Clinical Timelines That We Are Tracking For SAT-3247

Source: Satellos Bioscience investor presentation (Oct/25)

- **Phase II clinical milestones for SAT-3247 are imminent, as in 'later-this-year' imminent.** As shown in Exhibit 4, those milestones include completion of patient enrollment in the firm's 51-patient Phase II pediatric Duchenne muscular dystrophy trial (the BASECAMP trial) during FH126 & for the firm to generate three-month muscle function & regeneration data within the next quarter or two for the first cohort of enrolled patients. We expect final data during FH127. We separately expect interim one-year follow-up data from Satellos' Australia-based 10-patient Phase II adult Duchenne muscular dystrophy trial (called the LT-001 trial) within the next few months, with data focused on changes from baseline in measures of muscle regeneration & grip strength gains. Secondary endpoints like impact on the North Star Ambulatory Assessment (NSAA) scale & up-regulation of dystrophin levels in the sarcoplasmic reticulum of skeletal muscle will be key to our assessment of SAT-3247 medical prospects as well.

- **Three distinct equity offerings closed this week, including for one of our coverage stocks in the analytical equipment development world.** There were three equity capital raises consummated by Canadian healthcare firms this week, including a $3.4M offering by AB-based benchtop low-field NMR equipment developer & security services provider Nanalysis Scientific (NSCI-V, Spec Buy, PT C$0.50) in a share-and-a-half-warrant deal that will in aggregate add 22.7M shares to the firm's outstanding shares & another 6.1M two-year warrants to bring basic S/O by our calculation up to 137.6M & fd S/O on which we base our valuation to 164.3M.

  - **Nanalysis Scientific.** The modest increment in new equity capital has an equally modest impact on Nanalysis' capital structure in our model & we are thus maintaining our rating/PT on the stock. We were under no illusion however that a

capital infusion was necessary to partially fund operations that on a FQ325 operating cash loss runway (cash loss was [$0.44M] in the quarter) were poised to absorb the firm's balance sheet cash what was only $0.4M at quarter-end.

- Looking forward, our model does assume that capital sales for the firm's low-field benchtop 60MHz & 100MHz NMR platforms could experience seasonal strength in FQ425 after a sluggish T9M period that generated $9.3M in NMR equipment sales, a level that compared unfavorably with the three-quarter period before that (FQ224-to-FQ424) when equipment sales were $15.2M.

- If we assume that FQ425 gross margin can be augmented by NMR capital sales strength, and hopefully from steady improvement in security services gross margin, it seems plausible to assume that FQ325 balance sheet cash could hold firm at that level through to end-of-FQ425; if that assumption is correct, Nanalysis' pro forma cash could be at/near the magnitude of new equity capital just raised after accounting for transaction-associated costs. Our model assumes that total debt is stable, if higher than desired, at $17.0M.

- We are maintaining our Spec Buy rating & PT of C$0.50 on NSCI, but we are mindful that the equity offering just consummated is a stopgap measure in service of lingering business risk for the firm, as we described in our last Nanalysis update. Sustained profitability improvement in both NMR capital equipment sales & security services operations will need to transpire throughout our F2026-to-F2028 forecast period, with notable focus on security services gross margin that only exceeded 15% in one financial period (FQ424, the quarter of our NSCI launch) since the CATSA contract was implemented in May/22.

- **Hydreight Technologies.** Other capital raises to which we refer in this segment include the $15.0M in new equity capital raised through a share-and-a-half-warrant (two-year) offering by BC-based health & wellness firm Hydreight Technologies (NURS-V, NR).

  - The firm exited FQ325 with C$18.6M in cash & equivalents (though it did raise $11.5M in convertible debt capital in early Sept/25 in order to get cash to that level) & so we estimate that pro forma cash is at/near $33.6M, excluding impact from transaction-related costs & any FQ425 operating cash generated during the Oct/25-to-mid-Jan/26 period.

  - Hydreight's EBITDA growth trajectory was modest until FQ325 when EBITDA was $0.6M on revenue of $12.8M, but that EBITDA level does represent the apex of a strong sequential upsurge generated throughout the T12M period (YTD EBITDA of $0.97M is mostly from FQ325 performance). Moreover, virtually all operating metrics are pointing upward for the firm, based on prior commentary from the firm on product order growth through its pharmacy & telehealth operations. A formal update on F2026 guidance is expected later this quarter.

- **Rakovina Therapeutics.** And thirdly, BC-based AI-enabled small-molecule cancer therapy developer Rakovina Therapeutica (RKV-V, NR) just announced a more modest $1.5M convertible debenture & equity issuance along with augmenting its executive team & Board through the appointment of investment professionals Kim Oishi & Frank Holler to senior roles on those entities.

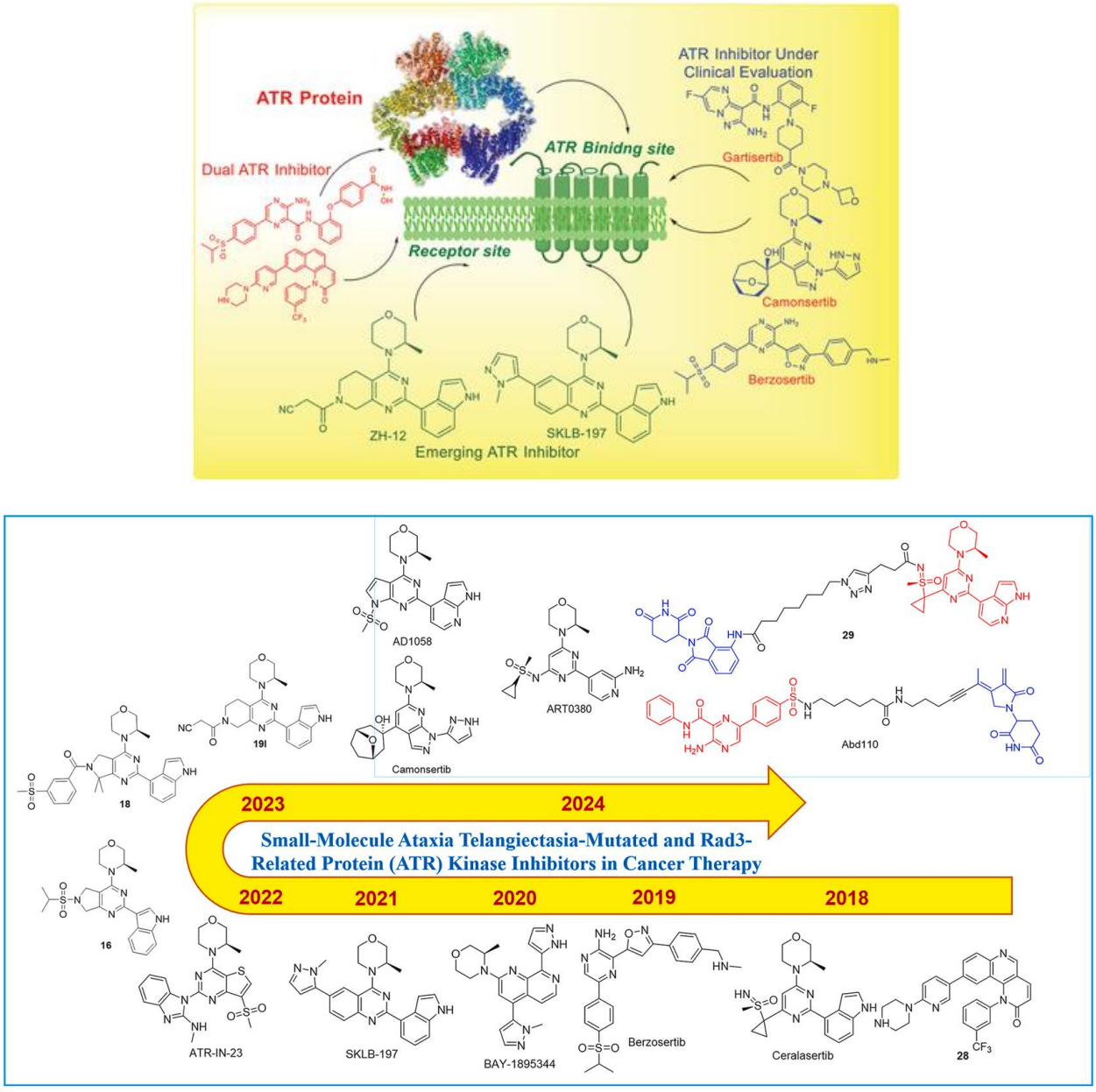
  - We are familiar with both through legacy Board participation on publicly-traded healthcare firms. And as the firm reported earlier in Jan/26, Rakovina augmented its relationship with BC-based private AI platform developer Variational AI as it pertains to optimizing its library of small-molecule drugs that inhibit the kinase enzyme ATR (ataxia-telangiectasia & Rad3-related protein, a regulator of the pathways that repair DNA damage, as for example may be caused by other co-administered anti-cancer agents).

  - We have summarized all of the ATR-targeted therapies that are currently in active Phase II cancer studies in prior Healthcare Weeklies & will not reproduce that table here, but most clinical assets in this pharmacologic category are still AstraZeneca's (AZN-LN, NR) AZD-6738/ceralasertib that recently missed its primary overall survival endpoint in the 594-patient Phase III LATIFY non-small cell lung cancer trial but multiple other Phase II cancer trials (ironically, some of which are still focused on lung cancer) are ongoing. More positive data were published from the 27-patient Phase Ib PATRIOT solid tumor trial in late 2025 in the journal *Nature Communications*.

  - Another pharma-sponsored ATR inhibitor in formal clinical testing is EMD Serono's (private) M1774/ tuvusertib, for which Phase I/II testing in advanced solid tumors (the 161-patient DDRiver Solid Tumors 301 trial) is ongoing (US

NCI-sponsored Phase I/II trials in endometrial or ovarian cancer are separately enrolling patients). And a small-molecule ATR inhibitor originally developed by MA-based Vertex Pharmaceuticals (VRTX-Q, NR) for which EU-based Merck KGaA (private) now holds development rights is berzosertib/M6620, undergoing testing in combination with other agents in two US NCI-sponsored Phase II neuroendocrine tumor-focused trials.

Exhibit 2. Conceptualization Of Drug Binding To The ATR Kinase, Along With Some Structures Of Small-Molecule ATR Inhibitors That Have Undergone Formal Clinical Testing Already



Source: *Future Medicinal Chemistry (2026). Vol. 28, pp. 1-19 (upper panel); European Journal of Medicinal Chemistry (2026). Vol. 305, pp. 118560*

- For berzosertib/M6620 specifically, a few Phase I/II oncology studies are already published, one of which was the 17-patient NCI 10211 trial as published in Dec/25 in the journal *Oncologist,* another was the 12-patient ETCTN 10313 trial as published in Nov/25 in the same journal, a third study was the 63-patient Phase II ETCTN 9938 trial published in Nov/25 in the journal *Cancer* & a fourth trial reported interim data from 40 patients in the 76-patient Phase II DDRiver SCLC 250 trial earlier this year in the journal *ESMO Open*.

- **Cipher files Canadian regulatory documents for Natroba.** ON-based dermatology-focused specialty pharmaceutical firm Cipher Pharmaceuticals (CPH-T, Buy, PT C$19.00) filed its new drug submission (NDS) earlier this week for its already-FDA-approved head lice/scabies-targeted topical pediculicide formulation Natroba/spinosad. Recall that Cipher acquired global rights to Natroba when it acquired IN-based ParaPRO LLC in Jul/24 for US$89.5M in cash & shares, with ParaPRO only selling the topical antimicrobial agent in the US at the time.

  - Since then, US Natroba sales have solidly met our expectations, generating US$5.5M in FQ324 sales that then increased sequentially to US$6.5M in FQ424, to US$6.7M in FQ125, to US$7.8M in FQ225 & then to US$8.1M in FQ325. Even if Cipher just focused on sustaining Natroba US sales at a FQ325 run-rate, its acquisition of ParaPRO would correspond to an aggressive-but-reasonable price-to-sales multiple of about 2.8x.

  - But that was never our investment thesis on the Natroba acquisition & indeed, our model assumed that Cipher would target RoW markets through licensing agreements (none have been consummated yet but our model assumes that one or more out-licensing alliances could transpire this year) & through direct sales in Canada once the drug was approved domestically, as it now could be before end-of-year. Our model does have modest Canadian Natroba sales incorporated into our consolidated F2026 net revenue projection of US$58.3M & that timeline in retrospect is likely aggressive, with the most reasonable base-case scenario for timelines to Health Canada approval extending into FQ426 or perhaps even FQ127. But our model still assumes Canadian Natroba sales of US$1.8M in F2027 & US$2.0M in F2028, about 2.8%-to-3.1% of our consolidated revenue forecasts in both fiscal periods.

Exhibit 3. Income Statement & Financial Forecast Data for Cipher Pharmaceuticals

Fiscal year-end Dec 31 (US$000, except EPS)	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E
US/RoW, royalty revenue											
Royalty rev, ConZip (US)	552	600	500	430	152	138	33	82	188	188	188
Royalty rev, Lipofen (US)	2,378	2,312	2,400	2,331	2,850	2,175	2,045	1,650	1,813	1,887	1,963
Royalty rev, Absorica (US)	12,942	11,300	9,929	7,648	5,143	6,148	4,545	2,277	2,185	2,185	2,185
Royalty rev, Natroba (RoW)	0	0	0	0	0	0	0	0	1,065	1,666	1,833
Canada/US, direct Rx											
Revenue, Epuris (Cda)	5,813	7,300	8,100	10,885	11,330	10,848	12,980	14,940	15,803	15,921	16,039
Revenue, Vaniqa/Actikerall/ Beteflam/other (Cda)	1,064	939	678	650	1,200	1,753	1,780	2,141	2,457	2,660	2,879
Revenue, Natroba (US)	0	0	0	0	0	0	11,980	30,298	33,328	36,661	40,327
Revenue, Natroba (Cda)	0	0	0	0	0	0	0	0	385	1,833	2,016
Total revenue	**$22,749**	**$22,451**	**$21,607**	**$21,944**	**$20,675**	**$21,162**	**$33,363**	**$51,389**	**$57,224**	**$63,001**	**$67,431**
Revenue growth (%)	*(43.6%)*	*(1.3%)*	*(3.8%)*	*1.6%*	*(5.8%)*	*2.4%*	*57.7%*	*54.0%*	*11.4%*	*10.1%*	*7.0%*
Operational expenses	15,984	9,822	8,116	9,294	8,233	8,712	18,237	26,066	29,431	32,578	35,075
EBITDA	**$6,765**	**$12,629**	**$13,491**	**$12,650**	**$12,442**	**$12,450**	**$15,126**	**$25,323**	**$27,793**	**$30,423**	**$32,356**
EBITDA growth (%)	*(74.5%)*	*86.7%*	*6.8%*	*(6.2%)*	*(1.6%)*	*0.1%*	*21.5%*	*67.4%*	*9.8%*	*9.5%*	*6.4%*
EBITDA margin (%)	*29.7%*	*56.3%*	*62.4%*	*57.6%*	*60.2%*	*58.8%*	*45.3%*	*49.3%*	*48.6%*	*48.3%*	*48.0%*
Non-operating expenses	$3,379	$4,570	$6,598	$1,593	$1,392	$2,417	$9,992	$6,950	$8,800	$8,800	$8,800
Net interest exp (income)	$712	$786	$291	$80	($464)	($1,870)	($330)	$1,284	$910	$910	$910
Tax expense, exc tax loss carry-forward	$1,922	$3,071	$3,554	$3,413	($847)	($4,965)	$54	$986	$4,521	$5,178	$5,662
Net income, fully-taxed	**$1,201**	**$2,639**	**$4,386**	**$7,759**	**$26,636**	**$20,383**	**$11,546**	**$17,963**	**$18,083**	**$20,713**	**$22,646**
Fully-taxed EPS (basic)	$0.04	$0.10	$0.16	$0.29	$1.06	$0.81	$0.45	$0.71	$0.71	$0.82	$0.89
Fully-taxed EPS (fd)	**$0.04**	**$0.10**	**$0.16**	**$0.28**	**$1.01**	**$0.78**	**$0.43**	**$0.68**	**$0.69**	**$0.79**	**$0.86**
P/E (basic)	*239.7x*	*109.6x*	*66.2x*	*36.7x*	*10.2x*	*13.4x*	*23.6x*	*15.2x*	*15.1x*	*13.2x*	*12.0x*
EV/EBITDA	*41.4x*	*22.2x*	*20.7x*	*22.1x*	*22.5x*	*22.5x*	*18.5x*	*11.1x*	*10.1x*	*9.2x*	*8.7x*

Source: Cipher Pharmaceuticals financial filings, Leede Financial

- There is always a risk on timelines for regulatory review in any geography & for any therapy, but we believe that Health Canada regulatory risk for Natroba is low in comparison to other regulatory filings we have reviewed. As described in Natroba's prescribing information documentation, the drug performed well in pivotal Phase III studies not just in comparison to placebo but also to an alternative head lice/scabies therapy (GlaxoSmithKline's [GSK-LN, NR] permethrin

formulation Nix). In one 180-patient study, 84.6% of subjects were head lice-free at two-week follow-up when treated with Natroba/Spinosad while only 44.9% of permethrin-treated patients experienced complete absence of head lice infestation. Results were similar in a separate 167-patient trial (86.7% vs 42.9%). These dramatic efficacy differences could be related to intrinsic effectiveness of spinosad vs permethrin or possibly to the emergence of permethrin-resistant strains in the relevant geographies where the studies were conducted. Dwindling permethrin efficacy through genetic drift in head lice populations is in fact one of the key factors that our model assumes could drive Natroba global sales.

- In conclusion, the Health Canada Natroba filing is an expected event in our model if a quarter or two beyond our originally-projected timeline, & we are thus maintaining our Buy rating & PT of C$19.00 on CPH. Our valuation as before is based on multiples of our F2027 financial forecasts (10x EV-to-F2027 EBITDA forecast [US$30.4M], 20x F2027 fd EPS forecast [US$0.79/shr]) with our EV calculation incorporating FQ325 cash of US$8.4M/C$11.9M & total debt of US$13.0M/C$18.4M; fd S/O of 26.4M. Cipher's share value has undeniably achieved a steady-stage equilibrium in recent months, but while T12M returns are modest at 5.4%, T24M return is 158% & likely driven by Natroba economics that support Cipher profitability along with Canadian Epuris/CIP-isotretinoin sales while US Absorica/CIP-isotretinoin royalty revenue is in gradual decline. Cumulative CPH return since we re-initiated coverage under the Leede banner in early Jan/21 is >1,475%.

- **LSL Pharma receives FDA approval for its topical ophthalmic therapy manufacturing operations.** QC-based ocular indications-focused topical therapy manufacturer LSL Pharma (LSL-V, NR) received formal FDA endorsement this week for producing one of its FDA-approved products – the topical herpetic keratitis-targeted 3% acyclovir formulation Avaclyr developed by Fera Pharmaceuticals (private) – at its Steri-Med operations in Boucherville QC.

  - For some historic context, Avaclyr was FDA-approved under Fera's stewardship back in late Mar/19, after which it received seven years of market exclusivity (that is about to end in a few months) through its Orphan Drug Status designation. Acyclovir is actually a commonly-used antiviral medication for treating herpes simplex I or II but Avaclyr is specifically formulated for targeting the ocular symptoms that herpes infection can cause.

  - Acyclovir itself is widely-genericized & in multiple FDA-approved formulations including creams & ointments (as sold for example as Zovirax by Bausch Health US LLC [BHC-NY, NR] & as a generic brand by Cipher's Absorica partner Sun Pharma [SUNPHARMA-NSE, NR]) but not specifically for targeting ocular herpetic keratitis; indeed, Fera has the only ophthalmic acyclovir formulation listed in the US FDA Orange Book. The FDA facility certification just granted now allows LSL to more seamlessly feature its Steri-Med manufacturing capacity for other approved topical ophthalmic therapies, one of which of course includes Fera's erythromycin formulation for which the two firms entered an exclusive supply agreement back in Oct/23.

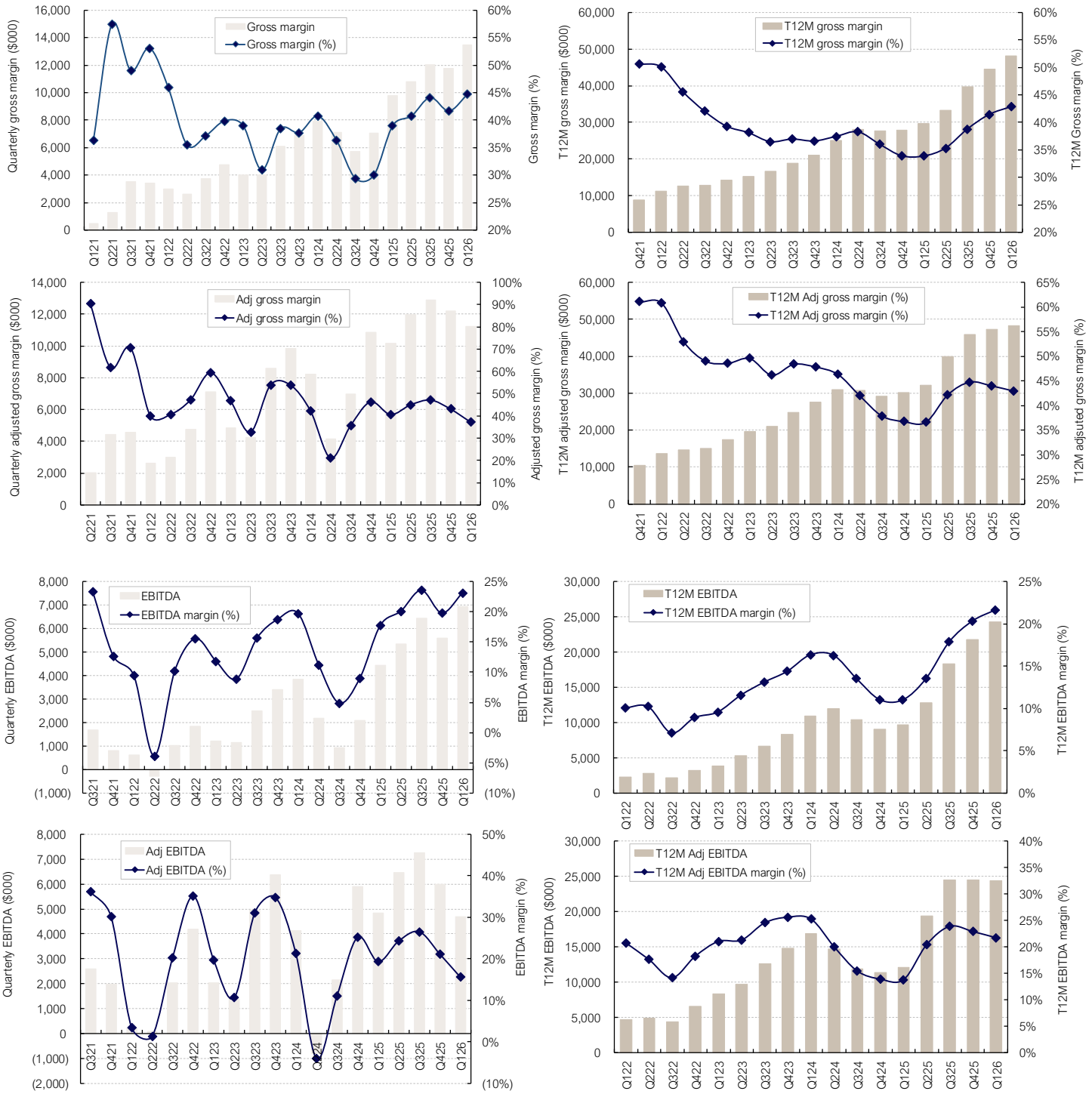
  - Recall that LSL reported strong FQ325 financial data that we described in the relevant edition of our Healthcare Weekly last year, with revenue/EBITDA of $7.6M/$1.1M exhibiting stable EBITDA margin of 14.4% as compared to the trailing period since FQ124 when EBITDA margin was stably in the 11%-to-14.5% range, while revenue grew from $4.2M in FQ124 to $7.6M last quarter. Recall also that the firm acquired the OTC operations from Canadian specialty pharmaceutical firm Juno Pharmaceuticals (private) in early Jan/26 & independent of this, we would expect quarterly revenue to grow independently from the six sterile ophthalmic products for which LSL received Health Canada approval in Oct/25.

  - LSL did not identify these drugs but a survey of Health Canada's website & a search for Steri-Med identifies the six products as glaucoma drugs brimonidine, latanoprost (as well as a lanatoprost-timolol combination) & dorzolamide (& a dorzolamide-timolol combination), plus the allergic conjunctivitis drug olopatadine. LSL's revenue growth trajectory should be sustainably upward in the medium term & we will be interested to see if it can hold EBITDA margins at legacy levels that we consider to be quite positive for a CMO/topical ophthalmic eye care manufacturer.

- **Cannara Biotech reports FQ126 financial data.** QC-based cannabis manufacturing & commercialization firm Cannara Biotech (LOVE-T, NR) reported FQ126 financial data for the Nov-end quarter that continued to reflect favorably on the firm's upward trajectory on most key financial metrics, specifically on T12M gross margin & EBITDA as we depict graphically below. Cannara's FQ126 revenue/gross margin/EBITDA were $30.1M/$13.5M (44.7%)/$6.9M (23.1%) as compared sequentially to FQ425 data of $28.3M/$11.8M (41.7%)/$5.6M (19.7%) & y/y to FQ125 data of $25.1M/$9.8M (39.0%)/ $4.4M (17.7%)

- Though Cannara is not strictly-speaking a 'biotech' firm even though it has the term in its corporate brand, but we have provided commentary on the firm in prior weeklies because of its unambiguously positive financial strength generated since it acquired its QC-based cannabis production facilities back in Jun/21, for which top-line cannabis direct sales alone climbed from $1.24M in the preceding FQ221 quarter to $7.0M in the first quarter of manufacturing activity under Cannara's stewardship to $41.8M in the trailing FQ126 period.

Exhibit 4. Cannara Biotech Quarterly & T12M Financial Data, Gross Margin & EBITDA, FQ321-to-FQ126

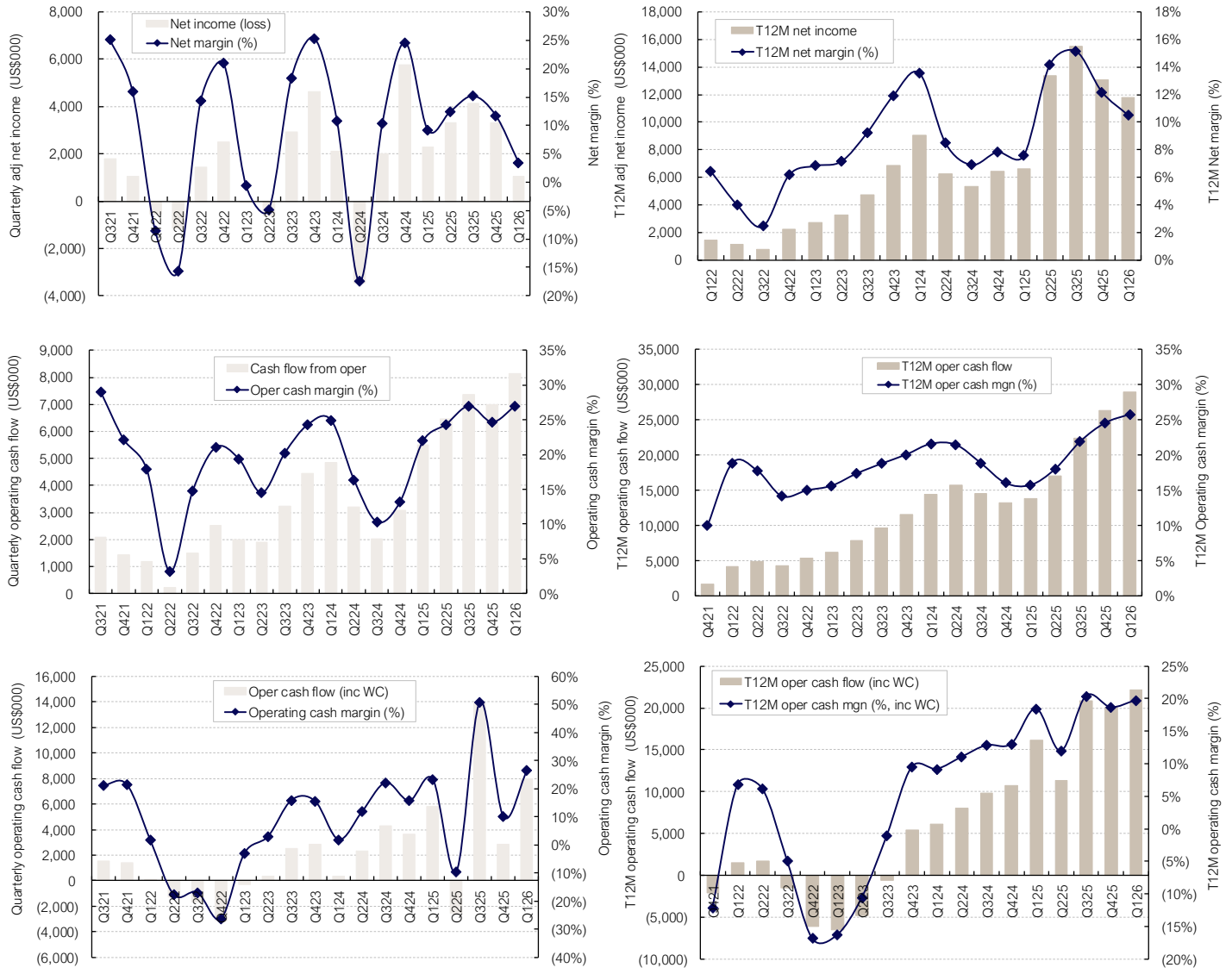


** Adjusted gross margin & EBITDA incorporate impact from shifts in valuation for cannabis inventory & biological assets*

Source: Cannara Biotech financial filings; adapted for graphical representation by Leede Financial

- Cannara has a few Cannara-specific characteristics in its income statement data, including that it makes an adjustment for what we calculate to be a 30%-to-31% excise tax that the firm incorporates into its quarterly net revenue calculation, & then it has expense items that relate to fair value adjustments for its cannabis assets, including on quarterly changes in value of inventory sold in the period that are invariably offset to a material degree by losses on biological asset value. For our own purposes, we insert these latter two operating expense items below the EBITDA line but then undertaking a separate calculation to generate adjusted values for both gross margin & EBITDA, both of which we separately depict graphically below.

Exhibit 5. Cannara Biotech Quarterly & T12M Financial Data, Net Income & Operating Cash Flow, FQ321-to-FQ126



Source: Cannara Biotech financial filings; adapted for graphical representation by Leede Financial

- We advise investors that we have toured Cannara's cannabis manufacturing operations in Valleyfield QC in recent months & are thus aware of the substantial capacity expansion that is readily achievable at the facility, with minimal requirement for new growth capex & thus with minimal need for any capital structure revision. The firm estimated in its FQ126 MD&A commentary that only about half of its Valleyfield manufacturing capacity is being exploited at present & so pending determination of growth prospects for end-user demand, the firm can comfortably double its production

volumes with only an increase in variable costs required to achieve that production level. FQ126 operating cash flow & cash margin, excluding impact from transient working capital imbalance, were $8.1M/27.0% as compared sequentially to $7.0M/24.6% in FQ425 & y/y to $5.5M/21.9% in FQ125.

- As in prior quarters, the firm's dominant market share is achieved locally in QC, where its share of the commercial cannabis market was 13.5%, up sequentially from 12.8% in FQ425 & y/y from 12.5% in FQ125, while cannabis market share in ON rose to 3.1% from 2.8% in FQ425 & from 2.6% in FQ125. All other provinces other than SK exhibited an upward market share growth trajectory throughout the FQ125-to-FQ126 period despite which national market share held firm at 4.1% vs the same value in FQ125 (which was the value reported in Cannara's FQ125 MD&A; the value for FQ125 as reported this week was lower at 3.7%), implying overall national market size growth in the recreational cannabis market or perhaps a definitional shift in how market share statistics are characterized.
- Cannara's cash conversion cycle was 148.3 days in FQ126 as compared to 154.4 days in FQ425 & to 135.2 days in FQ125, all three of which are in line with Cannara's longer-term average, at least since FQ123. Cannara exited the quarter with $16.5M in cash & total debt of $34.5M, with the firm's debt-based financial ratios conferring minimal financial risk on the firm's cannabis operations – EBITDA-to-interest coverage ratio in the quarter was 10.7x while FQ126 debt-to-EBITDA run-rate ratio was 1.2x.

Other Events Of Relevance To Our Healthcare Universe

- **AstraZeneca plans to invest multiple billions of R&D capital in China.** EU-based global pharma firm AstraZeneca (AZN-LN, NR) announced its intention to make seismic investments in China throughout the decade, committing up to US$15M in growth capital to manufacturing & research initiatives in that geography. The firm specifically flagged cell therapy (probably with more of a focus on chimeric antigen receptor T-cell (CAR-T) based projects in oncology than in regenerative medicine) & radio-conjugated therapies as focus programs.
  - No specific programs or lead clinical initiatives were identified in Astra's press release, but neither of these general therapy development categories is a huge surprise to us, since abundant clinical success has been achieved with CAR-T therapies in targeting hematologic cancers in recent years & acquisition activity in nuclear medicine has been robust in recent years, driven in part by Novartis' (NVS-NY, NR) initiatives in neuroendocrine tumor treatment & diagnosis in this realm but also through Astra's own acquisition of ON-based Fusion Pharmaceuticals for US$2.4B as announced in FQ124.
  - In retrospect, the announcement this week on China-focused investment could actually be a summary of all of the regional alliances that Astra already announced in China, including a US$4.5B alliance with Harbour BioMed (2142-HK, NR) announced in Mar/25 to develop novel mAb therapies & a separate US$2B alliance with Jacobia Pharma (1167-HK, NR) announced in Dec/24 focused on developing novel Kras-inhibiting agents for targeting solid tumors.
  - That said, in a separate announcement earlier today, Astra indicated that it will deploy US$1.2B into development of a novel Phase I-stage GLP-1/GIP dual-acting biologic SYH2082, as discovered by regional drug developer CSPC Pharmaceuticals (1093-HK, NR). Additionally, Astra could contribute up to US$3.5B in downstream clinical/regulatory milestones & up to US$13.8B in sales-based milestones, an exceedingly aggressive magnitude of milestone capital that must assume that SYH2082 could eventually achieve the commercial success that Novo Nordisk (NVO-NY, NR) achieves with its GLP-1 formulations Victoza-Ozempic-Wegovy-Rybelsus (T9M cumulative sales to end-of-FQ325 DKK171.9B/US$37.2B) or that Eli Lilly (LLY-NY, NR) achieves with Mounjaro-Zepbound (FQ325 cumulative sales were US$10.1B).
  - Recall that Astra already had a relationship with CSPC as announced back in Jun/25, in which Astra invested US$110M upfront (& up to US$5.3B in total potential deal economics) to leverage CSPC's AI platform for discovering orally-active drugs targeting chronic disease, a broad category that does not provide much insight into the partnership's focus, but new announcements from the partners suggests that the partnership is probably diabetes/endocrinology-focused (& likely not in oncology, which despite recent advances would not conventionally be categorized as chronic).
- **Sarepta (SRPT-Q, NR) released three-year EMBARK data for Elevidys (AAV gene therapy for DMD), showing functional improvements versus matched external controls, though methodological concerns and sparse safety disclosure limit**

interpretations. Sarepta announced topline three-year outcomes from EMBARK Part 1 comparing 52 Elevidys-treated ambulatory DMD patients (ages 4-7 at baseline, now ~9 years) to 73 propensity-score matched external controls drawn from five legacy natural history and placebo cohorts (Eli Lilly's [LLY-NY, NR] tadalafil placebo n=116, DEMAND-III placebo n=186, PRO-DMD n=269, CINRG DNHS n=440, FOR-DMD n=194). At Year 3, Elevidys showed LSM differences of +4.39 NSAA points (p=0.0002), -6.05 seconds on time to rise (p<0.0001), and -2.70 seconds on 10-meter walk/run (p=0.0039) versus external controls. The company characterized these as clinically meaningful and representing ~70-73% slowing of disease progression on timed tests, with NSAA remaining above baseline in treated patients while controls declined.

- **Critical context.** The only randomized, placebo-controlled data remain the 52-week primary EMBARK analysis published in Neurology & Therapy (Shieh et al., 2025), which failed to meet its NSAA endpoint with a between-group difference of ~0.7 points (not statistically significant), though secondary timed tests numerically favored Elevidys. The randomized comparison eliminates effort-related confounding and placebo effects that can bias open-label motor assessments, making Year 1 the highest-quality efficacy evidence. Years 2 and 3 are open-label with external control comparisons only.

- The external control cohorts span data collected approximately 2006-2016 based on the constituent studies (tadalafil trial ~2013-2016, CINRG DNHS enrollment 2006-2009, FOR-DMD ~2006-2016). While Sarepta matched on age and baseline motor function using propensity score weighting, the analysis does not appear to adjust for calendar year or treatment era. This raises concerns about unmeasured confounding from evolving standards of care over the past 10-20 years, including changes in corticosteroid protocols, cardiac management, pulmonary support, and physical therapy practices that could bias the magnitude of treatment effect estimates.

- **Safety disclosure was notably sparse.** The press release states no new Elevidys-related safety signals emerged and describes the profile as "consistent and manageable," but provides no breakdown of adverse events, hepatic enzyme elevations, or reasons for patient discontinuation. Notably, 11 patients dropped out between the Year 2 analysis (n=63) and Year 3 timepoint (n=52), which Sarepta characterized as treatment-unrelated but did not detail. Given historical concerns about AAV-related hepatotoxicity and the lack of granular AE data, independent risk assessment remains difficult.

- Sarepta management indicated the data are unlikely to change FDA labeling but may help shift prescriber perceptions and support commercial uptake after recent soft sales trends. The company framed the results as showing durable benefit extending beyond the neutral randomized Year 1 readout.

- **Read-through for our newest coverage stock Satellos Biosciences (MSCL-T, Spec Buy, PT C$2.25).** The EMBARK update modestly de-risks Elevidys' long-term efficacy profile but does not fundamentally shift the competitive landscape for DMD-exposed names given the methodological limitations and reliance on external controls rather than randomized data. For gene therapy developers, the signal that delayed functional separation may emerge after a neutral randomized Year 1 has mixed implications: it suggests durable transgene expression can yield cumulative benefit, but also highlights how external control analyses can generate statistically significant results that overstate clinical impact relative to contemporaneous placebo comparisons.

- **Broader gene therapy safety signals.** Separately, we observe that the US FDA placed a clinical hold this week on REGENXBIO's (RGNX-Q, NR) CNS gene therapy targeting mucopolysaccharidosis IIIA after a 5-year-old developed an intraventricular tumor four years post-treatment, with preliminary analysis identifying AAV vector genome integration associated with PLAG1 proto-oncogene overexpression. While causality is unproven and RGX-111 uses AAV9 capsid with intracisternal CNS delivery (versus Elevidys' AAVrh74 systemic/IV route targeting muscle), the event adds to emerging gene therapy class concerns around insertional oncogenesis and long-term surveillance needs. This backdrop likely increases regulatory and clinician scrutiny of "no new safety signals" claims across AAV platforms, particularly when detailed event-level data are not disclosed.

- **Sanofi Advances Mixed OX40L Program Despite Dupixent's Continued Dominance**. Sanofi reported mixed Phase 3 results for amlitelimab, its OX40L-targeting antibody for atopic dermatitis, as the company seeks alternatives to its blockbuster Dupixent franchise. In January 2026, Sanofi disclosed that the COAST 2 monotherapy trial narrowly missed a co-primary endpoint in EU patients (vIGA-AD 0/1 and EASI-75), though it met the US primary endpoint. The complementary SHORE study, evaluating amlitelimab with topical corticosteroids, achieved all co-primary endpoints in the EU trial. The earlier

COAST 1 results from Sept/25 showed placebo-adjusted EASI-75 responses of approximately 17-20% at 24 weeks, falling short of expectations and significantly trailing Dupixent's Phase 3 performance (placebo-adjusted EASI-75 of 32-34% at 16 weeks in SOLO trials; Simpson et al., *NEJM 2016*). Despite these modest outcomes, Sanofi plans to proceed with regulatory submissions based on the totality of data across the OCEANA program.

- The mixed amlitelimab results come as Dupixent continues its robust growth trajectory, with Q4 2025 sales reaching €4.2B, up 32.2% year-over-year, driven by volume expansion across its eight approved indications including the recent COPD launch. For full-year 2025, Dupixent generated €16.6 billion in sales, reinforcing its position as the cornerstone of Sanofi's immunology franchise.
- **The broader competitive landscape in Th2-targeted dermatology suggests meaningful room for clinical improvement beyond current standards.** Nektar Therapeutics' (NKTR-Q, NR) rezpegaldesleukin, a regulatory T-cell proliferator, demonstrated a placebo-adjusted EASI-75 of approximately 24% in its Phase 2b REZOLVE-AD trial (n=393), with the high-dose arm achieving 42% EASI-75 versus 18% placebo at 16 weeks. The mechanism showed rapid onset of action and notably reduced key Th2 markers including IL-19, TARC/CCL17, and periostin. More strikingly, Corvus Pharmaceuticals' (CRVS-Q, NR) oral ITK inhibitor soquelitinib achieved 75% EASI-75 response rates (versus 40% EASI reduction with placebo) in its Phase 1 Cohort 4 study, with mean EASI score reductions of 72% at 8 weeks (p=0.035). While cross-trial comparisons warrant caution given differences in patient populations and trial design, these emerging mechanisms suggest the potential for therapeutic advances beyond IL-4/IL-13 pathway inhibition.
- **Read-through for Eupraxia (EPRX-Q, PT $11.00).** The competitive dynamics underscore that significant unmet need persists in Type 2 inflammatory diseases despite Dupixent's commercial dominance and clinical success. The stronger efficacy signals from novel mechanisms like rezpegaldesleukin's Treg-based approach and soquelitinib's upstream ITK inhibition demonstrate meaningful room for therapeutic improvement beyond IL-4/IL-13 pathway inhibition. For assets targeting Dupixent-approved indications, including EPRX's EP-104GI in eosinophilic esophagitis, these data reinforce that differentiation through novel mechanisms and delivery approached to pierce the "therapeutic ceiling" that exists in narrower biologics remains strategically more than viable, despite Dupixent's entrenched market position.

- **Eli Lilly enters a new alliance with EU-based gene-editing firm.** IN-based pharma giant Eli Lilly (LLY-NY, NR) entered a new US$1.1B development alliance with Germany-based Seamless Therapeutics GmbH (private) to develop DNA-insertion-based therapies for targeting hearing loss. Seamless' core technology is based on a proprietary form of the enzyme recombinase, discovered & characterized at the Technical University Dresden from which Seamless originates.
  - Because the agreement is gene-editing-based, it appears that Eli Lilly is not focused on hearing loss that results from non-inherited gene mutations, an example of which would be pediatric hearing loss in cancer patients treated with platinum-containing drugs, as is targeted with Fennec Pharmaceuticals' (FRX-T, NR) sodium thiosulfate formulation PEDMARK. But according to a Jun/25 review in the journal *Indian Journal of Otolaryngology & Head & Neck Surgery*, there are over 150 genes that contribute to hereditary hearing loss, & the most prudent way to mitigate gene-associated hearing loss is if possible to correct the mutations in some site-specific/gene-specific way, as the Lilly-Seamless alliance will target.
  - Seamless' recombinase is characterized in a few seminal papers, including in a 2024 *Nature Biotechnology* paper describing how one version of recombinase is engineered to incorporate recombinase activity into so-called zinc-finger DNA-binding domains as a way to confer some DNA site specificity into its activity. A separate paper published in 2023 in the journal *Nucleic Acid Research* by the same research team described how Seamless' recombinase can be made to be so-called tyrosine-type site-specific, further conferring site specificity onto the enzyme.

Capital Markets Summary

Exhibit 6. EBITDA Or EPS-Positive Canadian Healthcare Stocks

Company	Filing Curr.	Sym.	Shrs Out. (M)	Share Price 29-Jan	Mkt Cap (M)	Mkt Cap (C$M)	Ent. Value (M)	Ent. Value (C$M)	EV/EBITDA (T12M)	EV/EBITDA FY1	EV/EBITDA FY2	Price/Earnings (T12M)	Price/Earnings FY1	Price/Earnings FY2
Profitable Canadian healthcare firms - specialty services [2]														
dentalcorp Holdings	CAD	DNTL	192.0	$11.00	2,112	2,112	3,128	3,128	10.9x	NA	NA	NA	NA	NA
DRI Healthcare Trust	CAD	DHT.UN	55.1	$15.51	854	854	1,297	1,297	8.4x	5.8x	5.9x	NA	7.6x	6.8x
Jamieson Wellness	CAD	JWEL	41.4	$35.02	1,451	1,451	1,884	1,884	13.1x	11.8x	10.3x	23.4x	18.8x	15.0x
K-Bro Linen	CAD	KBL	13.0	$34.28	445	445	742	742	8.3x	7.7x	6.8x	20.6x	17.4x	14.9x
Medical Facilities [1]	CAD	DR	17.9	$11.31	202	274	372	505	6.4x	5.1x	5.3x	7.4x	9.9x	9.3x
Microbix Biosystems	CAD	MBX	138.8	$0.23	31	31	27	27	NA	NA	NA	NA	NA	NA
Savaria	CAD	SIS	71.7	$24.35	1,745	1,745	1,921	1,921	11.0x	10.6x	9.6x	28.2x	20.6x	18.1x
Profitable Canadian healthcare firms - specialty pharmaceuticals development/sales [2]														
Aurinia Pharmaceuticals	USD	AUPH	131.8	$14.57	1,921	2,604	1,644	2,228	11.1x	8.0x	7.5x	25.3x	18.9x	15.6x
Bausch Health	USD	BHC	370.9	$5.59	2,073	2,810	30,648	41,543	9.1x	8.5x	8.0x	5.7x	1.4x	1.3x
BioSyent	CAD	RX	11.5	$13.00	149	149	124	124	8.7x	10.0x	9.8x	17.0x	17.6x	14.9x
Cipher Pharmaceuticals [1]	CAD	CPH	25.3	$10.92	276	374	372	504	18.4x	14.3x	15.8x	16.1x	15.7x	28.0x
HLS Therapeutics	CAD	HLS	31.3	$4.65	145	145	198	198	8.9x	7.4x	6.4x	NA	NA	NA
Knight Therapeutics	CAD	GUD	99.2	$5.82	577	577	563	563	10.9x	9.3x	8.6x	NA	NA	NA
Medexus Pharmaceuticals	CAD	MDP	32.4	$2.84	92	92	108	108	5.2x	3.7x	5.8x	NA	52.0x	NA
Profitable Canadian healthcare firms - specialty pharmaceuticals development/sales														
CareRx	CAD	CRRX	62.8	$3.87	243	243	309	309	11.1x	9.4x	7.9x	NA	57.5x	20.2x
Chartwell Retirement Residences	CAD	CSH.UN	316.4	$20.57	6,509	6,509	9,051	9,051	24.3x	22.6x	18.5x	NA	NA	NA
Extendicare	CAD	EXE	94.5	$23.40	2,210	2,210	2,375	2,375	14.3x	14.0x	10.9x	21.7x	22.2x	20.2x
Northwest Healthcare Properties REIT	CAD	NWH.UN	250.0	$5.74	1,435	1,435	5,267	5,267	20.4x	21.7x	21.9x	28.7x	NA	NA
Nova Leap Health	CAD	NLH	87.3	$0.30	26	26	28	28	10.9x	NA	NA	33.9x	NA	NA
Sienna Senior Living	CAD	SIA	99.2	$21.47	2,130	2,130	3,356	3,356	23.5x	20.8x	16.9x	47.9x	44.7x	37.0x
Profitable Canadian healthcare firms - medical equipment distribution/sales														
Covalon Technologies	CAD	COV	27.6	$1.68	46	46	30	30	11.2x	17.7x	6.6x	22.4x	NA	14.0x
Quipt Home Medical [3]	USD	QIPT	44.0	$3.58	158	214	369	501	NA	6.6x	5.6x	NA	NA	NA
Viemed Healthcare	USD	VMD	38.0	$7.38	281	281	400	542	8.7x	6.4x	5.6x	21.1x	21.4x	15.7x
Profitable Canadian healthcare firms - medical equipment distribution/sales														
Healwell AI	CAD	AIDX	293.3	$0.86	252	252	323	323	NA	NA	34.3x	NA	NA	NA
Kneat.com	CAD	KSI	95.7	$4.80	459	623	411	411	NA	35.4x	24.9x	NA	NA	NA
Vitalhub	CAD	VHI	63.2	$8.94	565	766	429	429	19.7x	16.8x	12.7x	NA	NA	37.3x
Well Health	CAD	WELL	254.0	$4.07	1,034	1,034	1,715	1,715	16.5x	8.6x	8.2x	NA	9.9x	10.0x
Average									**12.6x**	**12.3x**	**11.4x**	**22.8x**	**22.4x**	**17.4x**
Recently-acquired Canadian healthcare firms														
Andlauer	*CAD*	*AND*	*39.2*	*$54.97*	*2,152*	*2,152*	*2,165*	*2,165*	*13.4x*	*NA*	*NA*	*32.0x*	*NA*	*NA*
Theratechnologies	*CAD*	*TH*	*46.0*	*$4.47*	*206*	*206*	*238*	*238*	*12.3x*	*NA*	*NA*	*NA*	*NA*	*NA*

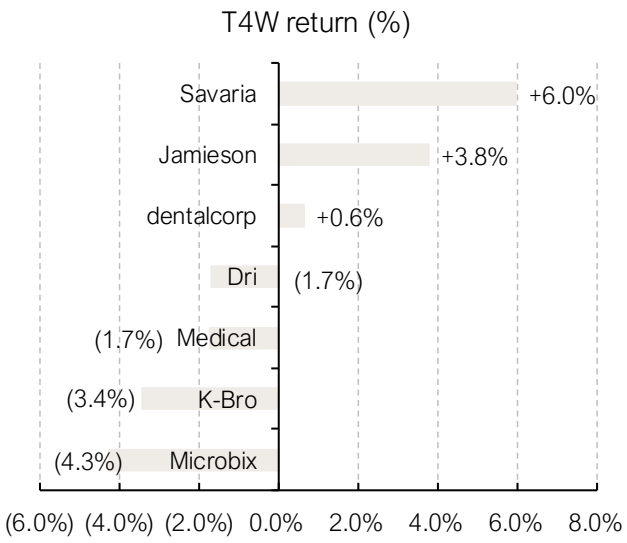
[1] Share price converted to USD for stocks reporting financial data in USD but for which share value is reported in CAD; price refers to prior day close, EV calculations based on cash/LT debt reported in most recent quarter

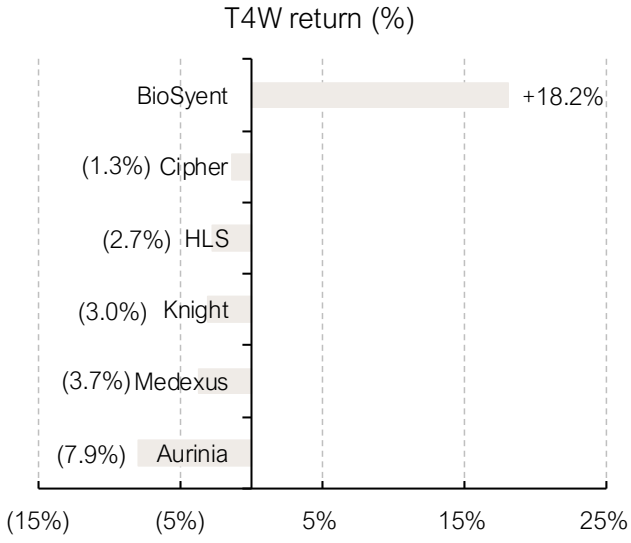
[2] Legacy specialty pharmaceutical firm & coverage stock Theratechnologies (TH-T, THTX-Q) was acquired in Sept/25 by CB Biotechnology/Future Pak for cumulative consideration of US$4.20/shr; Andlauer's acquisition by UPS (UPS-NY, NR) is now closed as of Nov/25

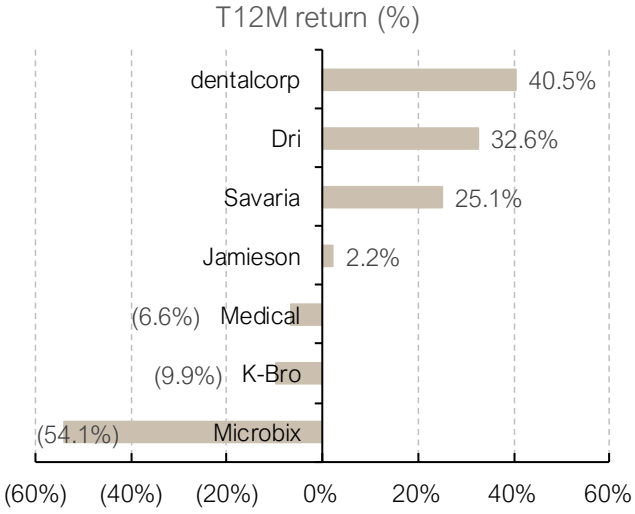
[3] Quipt Home Medical was bid to be acquired by Kingswood Capital & Forager Capital for US$3.65/shr in Dec/25

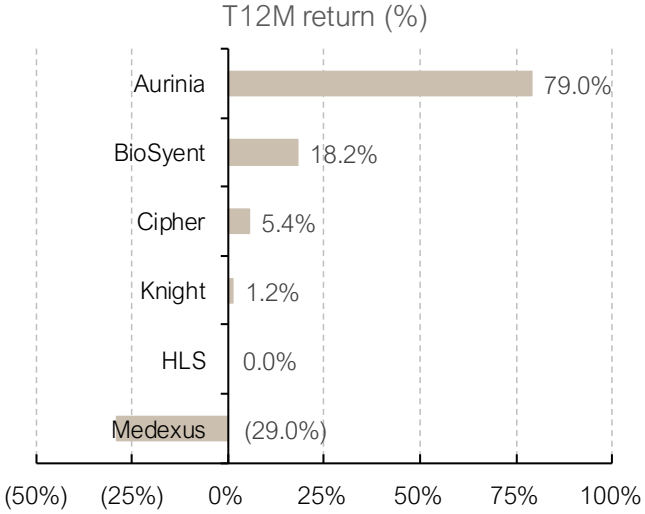
Source: Refinitiv, company reports, Leede Financial

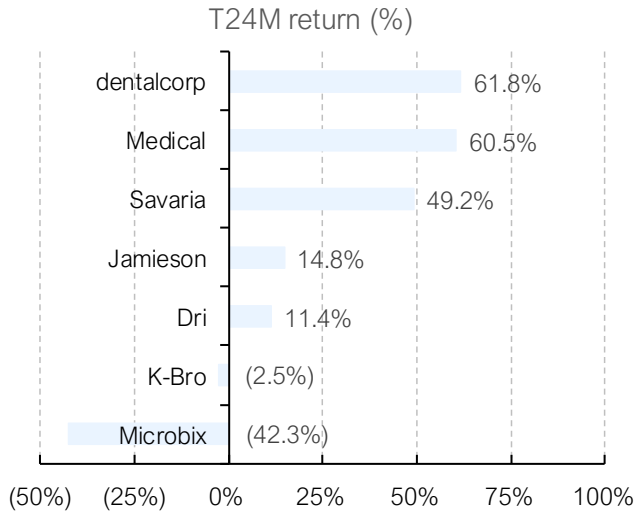
Exhibit 7. Trailing Four-Week, One-Year & Two-Year Relative Share Price Performance For EBITDA/EPS-Positive Canadian Healthcare Equities – Specialty Services & Specialty Pharmaceutical Firms

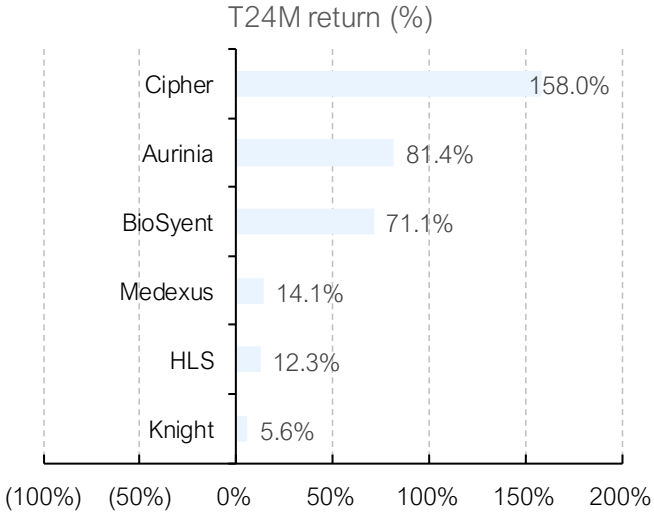






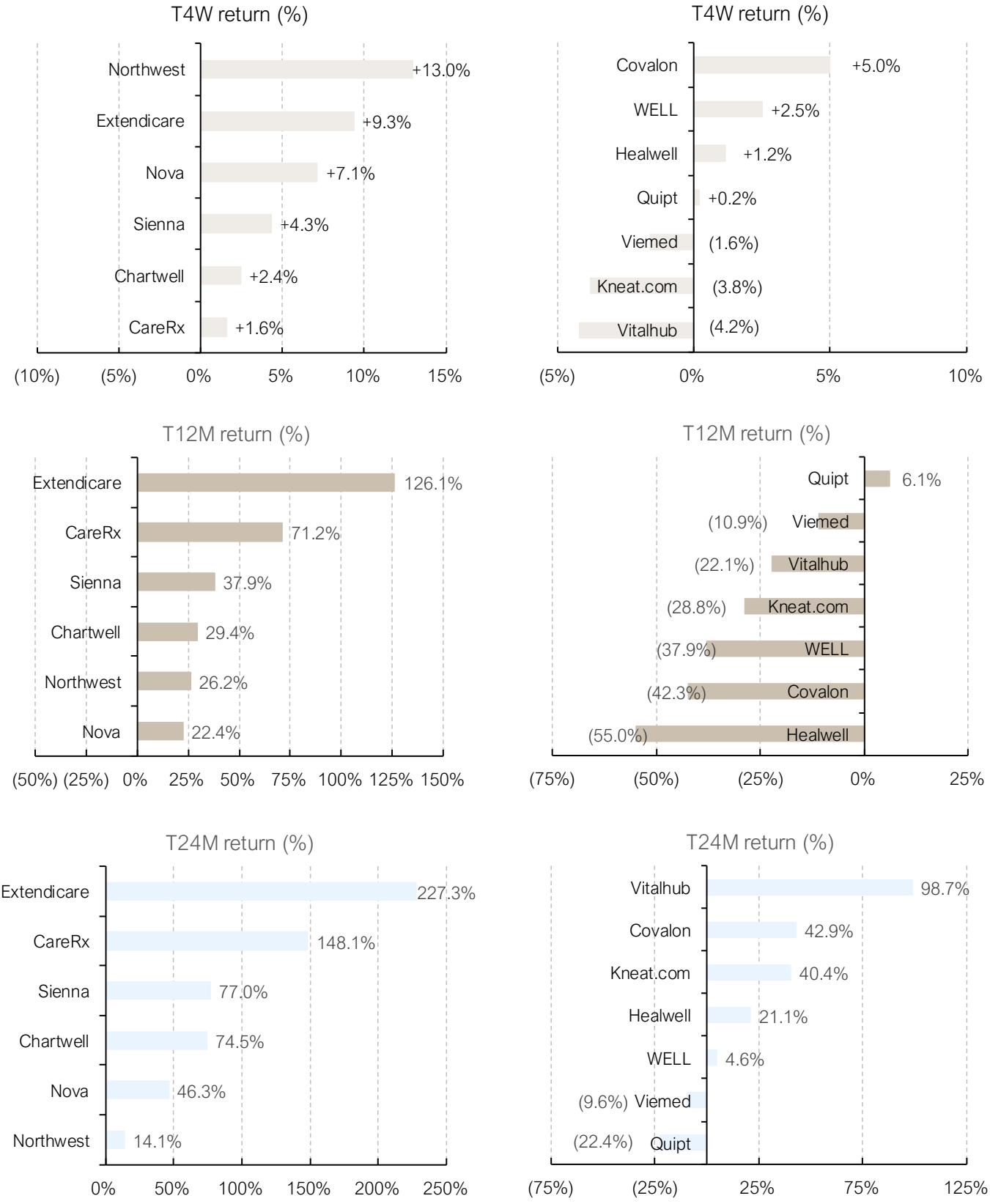






Source: Refinitiv, company reports, Leede Financial

Exhibit 8. Trailing Four-Week, One-Year & Two-Year Relative Share Price Performance For EBITDA/EPS-Positive Canadian Healthcare Equities – Eldercare Services & Medical Technology Distribution/Healthcare IT Services



Source: Refinitiv, company reports, Leede Financial

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RECOMMENDATION	NO. OF COMPANIES	%
Buy	9	56%
Speculative Buy	5	25%
Hold	1	6%
Sell	-	-
Tender	1	6%
Under Review	1	6%

Historical Target Price

Appili Therapeutics | APLI-TSXV	None
Cardiol Therapeutics | CRDL-TSX, NASDAQ	None
CareRx | CRRX-TSX	None
Cipher Pharmaceuticals | CPH-TSX	None
Eupraxia Pharmaceuticals | EPRX-TSX, NASDAQ	None
Extendicare | EXE-TSX	None
K-Bro Linen | KBL-TSX	4,5
Medexus Pharmaceuticals | MDP-TSX	4
Medical Facilities | DR-TSX	None
Nanalysis Scientific | NSCI-TSXV	None
Oncolytics Biotech | ONCY-NASDAQ	None
Perimeter Medical Imaging | PINK-TSXV	None
Profound Medical | PRN-TSX, PROF-NASDAQ	None
ProMIS Neurosciences | PMN-NASDAQ	2
Quipt Home Medical | QIPT-TSX, NASDAQ	None
Satellos Biosciences | MSCL-TSX	2
Sernova Biotechnologies | SVA-TSX	2